

## RISK APPETITE GENERAL STATEMENT

The Council recognises that it must take risks. Indeed, only by taking risks can it achieve its aims and deliver beneficial outcomes to its stakeholders. It must, however, take risks in a controlled manner which reduces its exposure to a level deemed acceptable, from time to time, by the Cabinet.

Methods of controlling risks must be balanced in order to support innovation and the imaginative use of resources, especially when it is to achieve substantial benefit. The Council may accept some high risks due to the prohibitive measures or costs involved in controlling them or because there are related to statutory obligations that it must undertake.

As a general rule the Council will seek to control all highly probable risks which have potential to:

- Cause significant harm to service users, staff, visitors, residents and other stakeholders.
- Compromise severely the reputation of the Council.
- Have financial consequences that could endanger the Council's viability.
- Jeopardise significantly the Council's ability to carry out its core purpose and statutory duties.
- Threaten the Council's compliance with law and regulation.

The Council's current overall risk appetite is defined as **OPEN** (see Appendix A for definitions). The Council generally takes a prudent approach to financial management and in respect of its obligations to maintain delivery of statutory services. However, in pursuit of its wider aims and goals for the benefit of the town and its residents, the council is prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.

Risk appetite is not a single, fixed concept and there will be a range of appetites for different risks which may vary over time. The Council's general risk appetite by corporate themes is set out in Appendix B.

## Appendix A – Risk Appetite Definitions

Definition	Risk Appetite Statement	Risk Matrix threshold for internal reporting and review by SMB
<b>Avoid</b>	No appetite. Not prepared to take risk.	2
<b>Adverse</b>	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognizing that these will have little or no potential for reward/return.	4
<b>Cautious</b>	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.	6
<b>Moderate</b>	Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes.	8
<b>Open</b>	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.	10
<b>Hungry</b>	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.	15

## Appendix B – Risk Appetite by Corporate Priority

<b>Corporate Themes</b>	Economic Growth	Hungry	We invest when there is a good likelihood of return and opportunities to grow, choosing innovative options in order to deliver a significant contribution. Our focus is on driving forward regeneration by taking on innovative projects which are resource intensive with long lead in times.
	Social Cohesion	Open	We take opportunities to promote community resilience by investing in strategies which promote inclusion, target residents who need support, and that improve wellbeing, financial resilience and social mobility of working families
	Safeguarding the Environment	Open	We promote green enterprise and technological innovation together with the use of more renewable energy sources.
	An Efficient Council	Moderate	Our aim is to create a sustainable future for the Council while focusing on what matters to our residents and adds value to their lives. While adopting a prudent approach to finance, we are prepared to consider higher risk delivery options which support operational efficiency and a commercial approach to regeneration and economic growth.